NATIONAL AUTO AUCTION ASSOCIATION, INC.
WESTERN CHAPTER GOVERNANCE PROCEDURES

ARTICLE I

The Western Chapter (Chapter) was formerly a trade association affiliated with the National Auto Auction Association, Inc. (NAAA) as a Zone Association and a Colorado corporation. Said corporation has been or will be dissolved, and this Chapter will carry on the functions of the former Zone Association as a Chapter of NAAA pursuant to the Articles of Incorporation and Bylaws of NAAA, any rules and regulations adopted by NAAA pursuant thereto and these Governance Procedures. These Governance Procedures are intended to maintain the same rights this Chapter formerly had as a Zone Association of NAAA, and they follow as closely as possible the former bylaws of that Zone Association.

ARTICLE II - PURPOSES

Section 1. The purposes of this Chapter are:

(a) To promote the advancement and welfare of its members and the wholesale auto auction industry by all proper, suitable and lawful means.

(b) To educate and assist its members in providing the highest level of services to their customers.

(c) To disseminate information among its members relating to advancements in the wholesale auto auction industry.

(d) To foster a spirit of good will among its members in their relationship with each other and the motor vehicle industry, so all interests may be served fairly.

(e) To encourage ethical practices and promulgate a Code of Ethics for the regulation of the wholesale auto auction industry.

(f) To engage in any lawful activities which are in furtherance of the purposes of this Chapter.

ARTICLE III – MEMBERSHIP

I. A regular member or associate member of NAAA shall be a regular member or associate member of this Chapter, provided that applications are made to NAAA and must be approved by the NAAA Board of Directors. However, all applications for membership will be posted and Members shall be given 30 days to comment on any application prior to approval by the Board. The Chapter President shall be notified in advance by NAAA prior to the posting of any new member application. Upon acceptance, a regular member shall be assigned by NAAA to the Western Zone Chapter if its principal place of business is within the

following geographic boundaries: Alaska, Hawaii, Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas and Missouri. Any regular member from another state as of the date this subsection is effective shall remain a regular member.

a. Membership shall automatically terminate upon failure to pay dues within thirty days of notice of delinquency or upon termination of NAAA membership.

b. Regular members are required to actively participate in the activities of this Chapter and NAAA, including attendance at meetings of the regular member of this Chapter and NAAA. If a regular member fails to attend at least one meeting of this Chapter during a period of three consecutive calendar years, this Chapter will recommend to NAAA that said regular member's NAAA membership be placed on probation.

c. No others shall be eligible for membership. Associate members shall have the same privileges as regular members, except that they may not vote or hold office.

Section 2. Each regular member shall be entitled to one vote. The person authorized to represent such member shall cast the vote of the member.

ARTICLE IV - OFFICERS AND DIRECTORS

Section 1. Officers of this Chapter shall consist of a Chairman of the Board, President, President-Elect, Vice-President, Secretary and Treasurer, and, in the Board's discretion, a President-Emeritus. All officers shall be members of the Chapter Board (Board).

Section 2. An officer or director must be a current or former owner, general manager or assistant general manager of a regular member or must have previously been a director, officer, committee chair or active committee member of this Chapter for not less than two years immediately prior to election.

Section 3. The directors and officers shall hold office, without compensation, as follows:

(a) The officers shall hold office for a term of one year or until their successors are elected.

(b) The President-Emeritus shall hold office for an indefinite term or until a successor is elected.

(c) If an officer or director ceases to be an owner or employee of a regular member during his or her term of office, the term of office shall terminate unless the Board determines the term of office shall continue. If the term of office terminates, the Board shall select a successor pursuant to Section 9 of this Article.

Section 4. The Board may change the number of officers, the offices to be held, the number of directors or Executive Committee members, the composition and makeup of the Board or

Executive Committee and all procedural matters to be followed by the Board or Executive Committee, including, without limitation, voting and quorum requirements.

Section 5. Nominations for officers and directors of this Chapter or the National Auto Auction Association shall be made by a Nominating Committee appointed by the President consisting of the five most recent Past Presidents who are able and willing to serve. A representative of a regular member may be appointed to the committee, but only if there are less than five past Presidents able and willing to serve. The most recent Past President serving on the committee shall be Chair but if none are serving the Chair shall be appointed by the President.

(a) Any regular member may submit nominations to the Nominating Committee. The Committee shall be bound to select its nominees from these candidates unless two or more qualified candidates are not submitted, in which case the committee may select another nominee.

(b) The names of all nominees shall be submitted to the Board for approval before submission at the membership meeting at which the election is to be held; provided, however, any regular member shall have the right to nominate a candidate as an officer or director.

Section 6. The election of officers and directors shall be at the annual or midyear members' meeting by open ballot, unless otherwise ordered by a majority of the members present.

Section 7. The Board shall have the power to conduct, manage and control the business, property, and affairs of this Chapter. The Board shall make rules and regulations for the government and for promotion and advancement of the purposes of this Chapter, and for the guidance and governance of the members, directors, officers, committee chairs/members and employees thereof. The Board may, from time to time as the Board deems advisable, extend authority under which persons may convey or encumber all or any part of the Chapter 's property.

Section 8. The Board may, by resolution in its sole discretion, except as required or prohibited by law, provide for indemnification by this Chapter of any and all of its present or former directors, officers, committee chairs/members or employees against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding, in which any of them is a party, by reason of their service as a director, officer, committee chair/member or employee of this Chapter.

Section 9. Any vacancy occurring in the Board because of death, resignation, removal, disqualification, or for any other reason, shall be filled by the Board for the unexpired term, or until the next meeting held to elect directors and officers, whichever comes first.

Section 10. Directors shall not receive any compensation for their service as Directors, but the Board may by resolution authorize reimbursement of expenses incurred in the performance of their duties.

ARTICLE V - DUTIES OF OFFICERS-EXECUTIVE COMMITTEE

Section 1. It shall be the duty of the President to preside at all meetings of this Chapter and the Board. The President shall have general supervision over the affairs of this Chapter, subject to direction and control of the Board. Committees shall be appointed by the President, subject to approval by the Board. The President is not charged with executive or administrative responsibilities in the management and continuing conduct of this Chapter 's affairs.

Section 2. The retiring President shall, upon the expiration of his or her term as President, serve as Chairman of the Board. The Chairman of the Board shall perform the duties of the President in the event of the President's temporary disability or absence.

Section 3. It shall be the duty of the Secretary to attend all meetings, record all votes and minutes of meetings; register the names of members, and keep at all times, a complete list of all members and their addresses open to any regular member for inspection at the member's request on any day designated by the Board; issue all notices required; maintain records of all transactions; make such reports to the Board of the Secretary's activities as may be required from time to time and do and perform all other duties incident to the office of Secretary, as may be required by the Board of Directors.

Section 4. It shall be the duty of the Treasurer to work closely with the NAAA Chief Financial Officer (CFO) to keep a true and correct record of all monies received and expended, and make reports thereof from time to time as required by the Board; receive and pay out monies of this Chapter as may be directed by the Board; account for all funds and disbursements at such times and in such manner as the Board may specify; render a report of all receipts and disbursements at annual meetings; make additional reports from time to time as directed by the Board, and do and perform all other duties incident to the office of Treasurer, as may be required by the Board.

Section 5. There may be an Executive Committee consisting of the President, President-Elect, and one other member of the Board appointed by the President. Any two members of the Executive Committee will constitute a quorum. The President shall vote as any other Executive Committee member. The Executive Committee may exercise the powers of the Board when the Board is not in session, reporting to the Board at its succeeding meeting of any action taken. The Board may, however, limit the authority of the Executive Committee as the Board may from time to time deem advisable. Meetings of the Executive Committee may be called by the President or by not less than two members of the Executive Committee. Reasonable notice, considering the circumstances, of an Executive Committee meeting shall be given to all members of the Executive Committee and Board. The Executive Committee may meet by telephone if a quorum is present.

ARTICLE VI – DUES AND ASSESSMENTS

Section 1. Dues shall be fixed by the Board on a budgetary basis, subject to approval by the regular membership, so that there will be sufficient revenue available to defray the expenses of this Chapter. Dues shall be collected by NAAA and held by NAAA for the use and benefit of this Chapter.

Section 2. Members shall be given notice of any Board meeting at which an assessment will be considered, and will be allowed to submit comments in person or in writing. If an assessment

will exceed one-half of the annual dues of regular members, it must be approved by a majority of the regular members of this Chapter.

ARTICLE VII - MEETINGS

Section 1. The annual and midyear meetings of the Board and the annual and midyear meetings of the members of this Chapter shall be held each year at such times and places as shall be determined by the Board, or in the event the Board fails to act, by the members. The Board may meet by telephone if a quorum is present.

Section 2. Special meetings of the Board or of the members of this Chapter may be called by the President or a majority of the Board, or by a petition in writing to the President signed by not less than one-third of the regular members in good standing , giving the necessity and specific reason for calling a special meeting. No business other than that for which the special meeting has been called shall be transacted at such meeting. The Board may meet by telephone if a quorum is present.

Section 3. Written notice as provided in Article IX, stating the time, place and purpose of any meeting of the members or Board shall be given to each officer, director and member in good standing.

(a) Notice of any special, annual or midyear meeting of the members or the annual or midyear meetings of the Board must be given to each director and member in good standing not less than ten days nor more than forty-five days prior to the meeting.

(b) Notice of any special meeting of the Board must be given to each director not less than ten days nor more than thirty days prior to the meeting.

Section 4. The affairs of this Chapter shall be conducted in accordance with the rules set forth in Robert's Rules of Order, except where they conflict with these Governance Procedures or any policy, rule or resolution adopted pursuant hereto.

Section 5. Whenever in the judgment of the President any question shall arise which should be put to a vote of the members or Board, and it is inexpedient to call a special meeting for that purpose, the President may, unless otherwise prohibited by these By-Laws, submit the question in writing by mail, facsimile or overnight delivery for vote and decision, and the question shall be determined according to a majority of the votes received by mail, facsimile or overnight delivery within thirty days after submission or such shorter period as directed by the President; provided that the votes of at least two-thirds of the directors or members entitled to vote shall be received. Action taken in this manner shall be as effective as action taken at a duly called meeting. Any such submission shall be deemed to have been submitted when delivered in the same manner as notice provided in Article IX. A detailed record of each question and vote shall be included in the next minutes of a meeting of the members or Board as appropriate.

ARTICLE VIII - QUORUM

Section 1. A quorum of members shall consist of one-third of all members of record entitled to vote on the date of any annual, midyear or special meeting. The act of a majority of a quorum shall be the act of the members.

Section 2. A majority of the whole Board shall constitute a quorum at any meeting of the Board. Any less number may adjourn from time to time until a quorum is present. The act of a majority of a quorum shall be the act of the Board.

ARTICLE IX - NOTICE

Unless specifically set forth elsewhere in these Governance Procedures, any required notice may be given by mail, facsimile, e-mail or overnight delivery. Notice by mail shall be deemed given when deposited in the U.S. Mail with proper postage addressed to the address as appears on the records of this Chapter, regardless or receipt. Notice by facsimile shall be deemed given when sent to the facsimile number as appears on the records of this Chapter, regardless of receipt. Notice by e-mail shall be deemed given when sent to the e-mail address as appears on the records of this Chapter, regardless of receipt. Notice by overnight delivery shall be deemed given when delivered to the overnight delivery carrier, addressed to the address as appears on the records of this Chapter, regardless of receipt. Reasonable effort shall be made to provide supplemental notice of disciplinary proceedings by quicker means than mail. Notice may be given without regard to information on the records of this Chapter, if that information is incorrect or if other notice would be more effective.

ARTICLE X - DISSOLUTION

This Chapter shall use its funds only to accomplish the purposes specified in these Governance Procedures, and no part of said funds shall inure, or be distributed, to the members of this Chapter. On dissolution of this Chapter, any funds remaining shall be distributed to the National Auto Auction Association.

ARTICLE XI - BOND

At the direction of the Board, any officer, director, committee chair/member or employee of this Chapter shall furnish, at the expense of this Chapter, a fidelity bond, in such sum as the Board shall prescribe.

ARTICLE XII - AMENDMENT

These Governance Procedures may be amended upon a two-thirds vote of the whole Board at any properly called meeting of the Board at which a two-thirds quorum is present. Any proposed amendment shall be filed in writing with the Secretary at least fifteen days before being presented for adoption at any meeting. The Secretary, in the notice for the holding of a meeting at which an amendment to these Governance Procedures be presented, shall set forth therein the nature of the proposed amendment(s).